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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/673,798

09/29/2003

Joseph M. McNasby

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NEW YORK, NY 10036-7311

EXAMINER

PORTER, RACHEL L

ART UNIT

PAPER NUMBER

3626

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PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/673,798	<b>Applicant(s)</b> MCNASBY, JOSEPH M.	
	<b>Examiner</b> RACHEL L. PORTER	<b>Art Unit</b> 3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 11 April 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)          | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Notice to Applicant***

1. This communication is in response to the amendment filed 4/11/08. Claims 1-26 are pending.

### ***Claim Rejections - 35 USC § 101***

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-26 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

#### **Claims 1-11**

Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a §101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamondv. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876). If neither of these requirements is met by the claim, the method is not a patent eligible process under §101 and should be rejected as being directed to nonstatutory subject matter.

With respect to exemplary claim 1, the present claim recites “establishing a contractual agreement...” between two parties and “providing a policy of indemnity sufficient to compensate for said possible losses.” As such, the claim language does not include the required tie or transformation that would provide the application of the test to the claim to reach the conclusion of nonstatutory subject matter.

Claims 2-11 contain similar deficiencies and fail to correct the deficiencies of claim 1, and are therefore also rejected.

Further, with regards to claims 1-11, the courts have also held that a claim may not preempt ideas, laws of nature or natural phenomena. Accordingly, one may not patent every “substantial practical application” of an idea, law of nature or natural phenomena because such a patent would “in practical effect be a patent on the [idea, law of nature or natural phenomena] itself.” *Gottschalk v. Benson*, 409 U.S. 63, 71-72, 175 USPQ 673, 676 (1972).

In the current case, claim 1 recites a method of establishing a contractual agreement between a property manager and an insurer and providing a policy of indemnity sufficient to compensate for possible losses. Insurance policies are considered abstract ideas. They define the financial, legal, or administrative rights and obligations of the parties involved. Claim 1 does not recite a specific practical application for claims. Rather, claim 1 covers any application in which establishing a contractual agreement and providing a policy of indemnity sufficient to compensate for possible losses would be used. Therefore, claim 1 preempts every substantial

practical application of the abstract idea because it is not directed to specific use or application. Thus, the claim is directed to the abstraction itself, where such a judicial exception is not patentable.

### **Claims 12-26**

Again, based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a §101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876). If neither of these requirements is met by the claim, the method is not a patent eligible process under §101 and should be rejected as being directed to nonstatutory subject matter.

With respect to exemplary claim 12, the present claim recites “executing an agreement for a leased residential unit by a lessor and lessee...,” “collecting said leased payments...”, and “removing a gross premium charge...” As such, the claim language does not include the required tie or transformation that would provide the application of the test to the claim to reach the conclusion of nonstatutory subject matter.

Claims 13-26 contain similar deficiencies and fail to correct the deficiencies of claim 12, and are therefore also rejected.

***Claim Rejections - 35 USC § 102***

3. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

4. Claims 1-8, 10-26 are rejected under 35 U.S.C. 102(e) as being anticipated by Taylor ( 2002/0010601).

[claim 1] Taylor discloses a method of providing insurance coverage as a security deposit guarantee, comprising the steps of:

- establishing a contractual agreement between a property manager on behalf of a lessee to insure a leased residential unit apartment and said insurer ready to insure against losses caused by a lessee which exceed a certain percentage of a gross premium charge; (par. 42)
- and providing a policy of indemnity insurance sufficient to compensate for said possible losses. (par. 24)

[claim 2] Taylor discloses the method of claim 1, wherein said property manager submits an application form to an insurer regarding said leased residential unit . (Figure 3; par. 14-15, par. 22)

[claim 3] Taylor discloses the method of Claim 1, wherein said application form is created by said insurer. (par. 24; Figures 13-14)

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[claim 4] Taylor discloses the method of claim 1, wherein said submitting step is carried out by said property manager. (par. 14—property manager does inputting)

[claim 5] Taylor discloses the method of claim 1, wherein said insurer evaluates whether to agree to the transfer of a proposed risk using an insurance underwriter. (par. 28, actuarial qualification based upon provided data)

[claim 6] Taylor discloses the method of claim 1, wherein said insurer communicates information regarding said proposed risk to said insurance underwriter. (par. 21, 24, 28-29)

[claim 7] Taylor discloses the method of claim 1, wherein said property manager receives a binding commitment from said insurer regarding the acceptance of said proposed risk. (par. 50)

[claim 8] Taylor discloses the method of claim 1, wherein said insurance underwriter determines a quote of a particular monetary amount forming the basis of said gross premium charge to be collected and managed by said property manager. (par.17-18—landlord collects money for the the insurance; see also par. 24-25)

[claim 10] Taylor discloses the method of claim 1, wherein said proposed risk relates to said leased residential unit apartment. (abstract, par. 7-8)

[claim 11] Taylor discloses the method of the method of claim 1, wherein said insurer assures payment to said property manager, if said losses occur. (par. 007)

[Claims 12-26] The limitations of claims 12-26 are addressed by the rejections of claims 1-8 and 10-11, and are incorporated herein.

***Claim Rejections - 35 USC § 103***

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 9 rejected under 35 U.S.C. 103(a) as being unpatentable over Taylor in view of Walker et al (US 6,208,978).

[claim 9] Taylor discloses the method of claim 1, as explained in the rejection of claim 1, but does not expressly disclose that property manager supplies a letter of credit (LOC) to said insurance underwriter in an amount specified by said insurance underwriter. Walker discloses that letters of credit are well-known in the consumer market place (col. 3, lines 9-27) At the time of the applicant's invention, it would have been obvious to one of ordinary skill in the art to modify the method of Taylor with the teaching of Walker. One would have been motivated to include this feature to ensure that there is no lapse in insurance payment, and to minimize the risk undertaken by the insurer.

***Conclusion***

7. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure: Zizzamia et al (US 2003/0101080).



Any inquiry concerning this communication or earlier communications from the examiner should be directed to RACHEL L. PORTER whose telephone number is (571)272-6775. The examiner can normally be reached on M-F, 9:30-6:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, (Christopher) Luke Gilligan can be reached on (571) 272-6770. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/R. L. P./  
Examiner, Art Unit 3626

/C Luke Gilligan/  
Supervisory Patent Examiner, Art Unit 3626